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C O N F I D E N T I A L SECTION 01 OF 04 ROME 001879

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SUBJECT: EUR/WE DIRECTOR ALLEGRONE'S VISIT TO ROME

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Classified By: Political Military Counselor Jonathan Cohen, for reasons
1.4 (b)(d).

11. (C/NF) Summary and Comment. In meetings with senior Italian political party advisors, journalists and officials in Rome June 20-23, Allegrone heard many of the new Prodi government,s multiple, often conflicting policy voices, especially on Iraq and Afghanistan. Many said this cacophony would continue. While Center Left (CL) leaders asserted that the moderate centrist parties were in control of foreign policy; it remains to be seen if the radical left is pushing Prodi on Iraq and Afghanistan or if the moderate core is using the excuse of a push from the radicals to limit further Italian engagement and shift Italy into a more leftist posture. Center Left leaders made clear that they felt more comfortable with Italy returning to the safety of the European fold as a second-tier European power following EU consensus (with the notable exception of Iran, where they, like their Center Right predecessors, believe the level of Italy-Iran trade merits a seat at the negotiating table). See also reftel on Allegrone's meeting with MFA Political Director Terzi. End Summary.

12. (C/NF) EUR/WE Director Kathy Allegrone visited Rome June 20-23. Building on previous outreach to official U.S. visitors (EUR P/DAS Volker, Sen Allen reftels), the CL government engaged with Allegrone at senior levels to review the broad range of issues that are part of the bilateral relationship. She met with MFA Political Director Terzi (reftel), PM Prodi senior foreign policy advisor Riccardo Levi, DS Party Secretary Piero Fassino, Forza Italia (FI) spokesman Dario Rivolta and participated in a roundtable with MFA officials. She had lunch with senior editors and dinner with

Prodi
advisor Marta Dassu, Palazzo Chigi diplomatic advisor Marco
Carnelos
and MOD diplomatic advisor Achille Amerio.

Prodi's First 30 Days: a conflicted government...

13. (C/NF) Allegrone assured all audiences that the meeting between Secretary Rice and FM D'Alema had been friendly and that we were looking forward to working with the new Prodi government to find ways in which we could productively cooperate. She also made the point that the mixed messages coming out of various media statements by new Italian ministers and officials were creating unhelpful confusion in Washington.

14. (C/NF) Prodi advisor Levi characterized the new government as "a strong, high level team." Fassino pointed out that the government was elected by a group of 13 parties, ten of which received less than three percent of the vote and need, under the new election law, to reach their electorate through the media. He insisted that the main two--DS and Daisy--were the central, moderate core that would be making foreign policy. FI spokesman Rivolta agreed the DS was closer to the Center Right than other parties in the CL coalition but said it was unclear who was making policy in this government.

. . .structured to generate a stream of mixed messages

15. (C/NF) Levi and Fassino took pains to address the role of what they described as the "leftists" with Levi insisting that making Communist Renewal (RC) leader Bertinotti

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Speaker of the Chamber had resolved the issue. Fassino admitted that for each major decision DS was having to negotiate with RC and PdCI. Levi, Fassino and Dassu all insisted that the "leftists" were not leading policy; Dassu even expressed surprise that this was the perception. MOD Adviser Amerio (strictly protect) quietly admitted to us that indeed the "tail was wagging the dog" in terms of decision making. Levi, Fassino and Dassu were firm in believing that the government would reach agreement with the "leftists" and that the radical left would not go so far as to bring down the government. All, including the journalists Allegrone met over lunch, agreed that there was no chance that this government would be able to discipline coalition members on media statements; Washington should expect a continuing stream of mixed messages that were the natural result of coalition politics.

. . . and content to play a supporting role

16. (C/NF) On foreign policy, Levi, Fassino, and Dassu all stressed the return of Italy to the European fold. Levi said "We are a middle-sized regional power. We know the limits of our foreign policy and we know we are less restricted when we work through others...the most important change is that we are focusing on being a European partner." Even journalists who otherwise gave Prodi an "F" on his first 30 days agreed that Italy was returning to its natural place in the European order. Allegrone noted that we, too, want to work with a Europe willing to engage beyond its borders on our shared agenda.

Iraq

¶7. (C/NF) Levi, Fassino and Dassu agreed the first foreign policy challenge will be on the June/July Parliamentary vote on funding foreign missions. Levi said Iraq policy had been settled; there could be discussion about details but no return of troops "through the backdoor" and was not optimistic about hopes for a PRT. Fassino, however, was still discussing the possibility of having carabinieri--whom he did not consider "soldiers"--in a police role. He supported increased NATO training, as long as the mission did not require "classic military" forces. Dassu and MOD advisor Amerio indicated there was still some room for discussion of ways we could work together, but overall the message Allegrone received was that any cooperation on a PRT-based civilian presence in Iraq would have to fall under the political radar.

Afghanistan

¶8. (C/NF) Levi and Fassino were doubtful that there would be an increase in Italian fiscal or military commitments in Afghanistan, although Fassino said it would be possible to return troop numbers to historic levels (of approximately 2,000). Fassino claimed the radical left used the conditional tense in demanding full withdrawal; Levi said the leftists wanted confirmation that the mission would be increasingly concentrated on non-military activity. Both focused on the distinction between missions in Afghanistan, under a UN mandate, and Iraq. Anna Della Croce, MFA Special Envoy for Afghanistan, noted that there was little controversy over the two-year mandate for economic aid/democracy building for which funds had mostly been spent. Extending the mandate could prove more difficult as the security situation had weakened. She said Italy would continue work in the justice sector, especially on the Supreme Court, to support the civilian presence in the Herat PRT and to fund IOM and UNHCR projects. She was unaware of any discussions about funding completion of the Kabul ring road. MFA NATO Office Director Gianni Bardini predicted that, absent a "major incident" involving Italian casualties, he expected Italy to augment its presence from 1200 to 2000 troops; deployment of a sixth aircraft could be controversial.

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Iran

¶9. (C/NF) Levi said Italy wants to be a player on Iran policy again after being sidelined by the 5 1; Allegrone noted this was one area at least in which they agreed with the previous government. Levi noted Italy's "obvious" economic interests and said the government would not act unilaterally but as a European country and as a friend to the U.S. He noted that in 1993, Italy was the first country after the revolution to send a PM to Teheran; first, Italy consulted with President Clinton. Such cooperation would continue but "balanced dialogue should be kept alive." Fassino stressed the need for obtaining Iranian guarantees on the civilian use of nuclear energy and control of nuclear material. (See also reftel on the June 21 visit to Rome of Iranian FM Mottaki.)

NATO

¶10. (C/NF) Allegrone pushed Levi to explain the absence of NATO from the CL electoral platform. He responded that it was assumed but not stressed because Italians don't see their relationship with the U.S. as based on NATO. They identify more with Europe and the EU because it affects

their daily lives and has been the source of Italy's economic transformation post WWII. In this sense, Berlusconi's "anti-European" position was inconsistent with Italian history.

Balkans

¶11. (C/NF) Levi said that Europe has a special responsibility in the Balkans and that Italy has a special responsibility within Europe to stabilize the situation. MFA Director of Balkan Affairs Raimondo De Cardona told Allegrone that Italy was pleased with progress on the Contact Group and he expected Prodi would continue current policy. He reported that during Martii Ahtisaari's June 20 meeting in Rome, D'Alema said that the GOI would continue to be fully supportive of his role as the UN Special Envoy for Kosovo. D'Alema fully understood that the status talks would ultimately result in some sort of independence for Kosovo but wanted to ensure a fair result for Serbia. De Cardona noted that Ahtisaari had become more sensitive to Serbian concerns about minority issues in Kosovo and more concerned about the domestic political situation in Serbia. De Cardona also stated the GOI was becoming more concerned about the rise in organized crime occurring in the region between Bulgaria, Macedonia, Serbia, Kosovo Albania and Montenegro. Groups operating in this area were responsible for an increase in drug trafficking and crime within Italy.

Middle East

¶12. (C/NF) Levi said "we are ready to do our part," but noted that until the EU had a common foreign policy they would continue to be a weak actor in the region. He made a point of saying that the change of government has allowed an opportunity to be a more credible partner to both sides. In the past, he noted that Italy provided more support to the Palestinians; Berlusconi pushed to support Israel. Now Italy can move to center ground. Fassino said Italy could play the role as intermediary because it has great contacts with both sides. But Hamas must meet the essential three conditions (renounce violence, recognize Israel, respect the road map agreements). While he lauded the Abu Mazen referendum initiative, Fassino said it creates some difficulties. While Italy would like to support Abu Mazen, some of the referendum's main points (right of return/right of continued conflict) were certainly problems.

¶13. (C/NF) MFA Director for the Eastern Mediterranean Luciano Pezzotti also expressed concern about the referendum saying that Abu Mazen was taking an enormous risk. Italy remained concerned about the prospect of unilateral action by either Israel or

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the
Palestinians; in the meantime, Italy was supportive of EU efforts to provide humanitarian assistance directly to the Palestinians. He distanced the MFA from the decision by Prodi to accept a congratulatory call from Hamas and said he expected no further engagement with Hamas. FI advisor Rivolta, however, expressed concern about the CL policy towards Hamas and warned us to watch the new government carefully. Pezzotti said D'Alema was planning a visit to Egypt, Jordan, Israel and Ramallah soon; PM Olmert is expected to visit Italy in late July.

Russia

¶14. (C/NF) Levi agreed that Russia was a puzzle these days and that what could happen was "scary." But he focused on the West's inability to change the situation. With Russia's new oil/gas wealth, we--including Italy--have few ways to pressure Russia. Allegrone pressed on the need to keep the pressure on, especially with respect to human rights and Russia's treatment of neighboring states, but Levi remained skeptical. Perhaps, he said, "we should try to engage Putin politically to manage the setting in the wider area of their concerns...so they have less fear about being strangled." In the meantime, Italy would seek to diversify its energy sources. MFA Director of the Eastern European Office Paolo Serpi told Allegrone Italy would continue to pursue a policy of "engagement without antagonizing" Russia. Given its energy dependence, Italy preferred a stable Russia rather than a Russia that was pushed beyond its ability to reform.

South America/Asia/Somalia

¶15. (C/NF) Levi was equally skeptical about the prospects for democratic reform in South America, "even though I am half-Argentinian" and pushed back on Allegrone's suggestion that Italy use its moral authority to counter Chavez. Levi said that Berlusconi had ignored Asia, but that Prodi planned visits to both China and India soon. Allegrone noted D'Alema's interest in continuing to work together in Darfur. Levi said Prodi also wanted to do more in Somalia specifically but in Africa at large. He lamented continued G-8 promises of aid that was never delivered.

¶16. (U) EUR/WE Director Allegrone has cleared this message.

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